

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 USIE-00 INRE-00 AID-05 COME-00
EB-08 FRB-03 INR-07 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 SS-15 STR-06 CEA-01 L-03
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TO SECSTATE WASHDC IMMEDIATE 4522
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME

C O N F I D E N T I A L TOKYO 1035

USEEC

USOEC D ALSO FOR EMBASSY

E.O.11652: GDS
TAGS: EGEN, PINT, JA
SUBJECT: JAPAN'S 7 PERCENT GROWTH TARGET

REF: TOKYO 731

SUMMARY. IN RECENT DAYS PRESS HAS PLAYED UP PERCEIVED
DIFFERENCES WITHIN GOJ AND LDP OVER WHETHER FY 1978 SEVEN
PERCENT GROWTH RATE IS DOMESTIC POLICY GOAL OR INTERNATIONAL
PLEDGE. EMBASSY SUGGESTS THAT WASHINGTONSPOKESMEN EXERCISE
CARE NOT TO GET INVOLVED IN CONTROVERSY. END SUMMARY.

1. IN CONTEXT OF WIDESPREAD DOUBT ABOUT JAPANESE ABILITY
TO ACHIEVE 7 PERCENT FY 1978 REAL GROWTH, PRESS HAS
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FEATURED PROMINENTLY DIFFERENCES AMONG GOJ/LDP LEADERS
OVER NATURE OF JAPANESE COMMITMENT TO THAT GOAL. PRIMIN
FUKUDA JAN. 17 SAID 7 PERCENT WAS POLICY GOAL, BUT
MITIMIN KOMOTO SAME DAY AND LDP SEC GEN OHIRA JAN 18
DESCRIBED TARGET AS "INTERNATIONAL PROMISE." CHIEF
CABINET SECRETARY ABE QUICKLY COUNTERED BOTH KOMOTO
AND OHIRA STATEMENTS, INSISTING 7 PERCENT WAS DOMESTIC

GOAL AND NOTING THAT PRIMIN HAD TOLD US OFFICIALS GROWTH RATE WAS DOMESTIC POLICY MATTER. HE ALSO ADDED GOJ WOULD DO EVERYTHING IN ITS POWER TO ACHIEVE 7 PERCENT.

2. FOLLOWING UP, FUKUDA LIEUTENANTS INSISTED JAN 19 THAT CHARACTERIZATION OF 7 PERCENT TARGET AS INTERNATIONAL PROMISE BE DELETED FROM DRAFT 1978 LDP POLICY STATEMENT AND FUKUDA IN RESPONSE TO REPORTER'S QUESTION SAID TARGET WAS "PUBLIC DECLARATION" NOT INTERNATIONAL PROMISE. NEXT DAY (JAN. 20), FUKUDA TOLD LDP CONVENTION 7 PERCENT WAS POLICY GOAL THT GOJ WOULD EXERT MAXIMUM EFFORTS TO ACHIEVE TO MEET DOMESTIC AND FOREIGN EXPECTATIONS. GOJ ISSUED UNIFIED VIEW REITERATING THAT GROWTH FIGURE IS TARGET NOT INTERNATIONAL PLEDGE, AND ABE MADE ADDITIONAL STATEMENT ALONG SAME LINES.

3. COMMENT: THERE ARE TWO MAIN REASONS FOR FUKUDA'S INSISTENCE THAT 7 PERCENT TARGET IS NOT INTERNATIONAL PROMISE. IN UPCOMING DIET QUESTIONING, OPPOSITION PARTIES ARE EXPECTED TO CHARGE THAT 7 PERCENT TARGET WAS SET AT FOREIGN INSISTENCE WITH IMPLICATION THAT JAPAN NO LONGER CONTROLS ITS OWN ECONOMIC DESTINY. MORE IMPORTANT, THOSE WITHIN LDP, SUCH AS KOMOTO AND OHIRA, WHO WOULD LIKE TO SEE FUKUDA STEP DOWN AS CONFIDENTIAL

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PRIMIN NEXT DECEMBER ALMOST CERTAINLY SEEK TO CHISEL 7 PERCENT PROMISE INTO STONE AND, IF IT IS NOT ACHIEVED, USE THAT AS JUSTIFICATION TO ASK FOR FUKUDA RESIGNATION. CAUGHT BETWEEN THESE PRESSURES, KEEN US INTEREST IN 7 PERCENT JAPANESE GROWTH, AND SOME INTERNATIONAL MISUNDERSTANDING OF LAST YEAR'S ECONOMIC PROJECTIONS, FUKUDA AND GOVERNMENT ARRIVED AT PRESENT FORMULATION.

4. EMBASSY AGAINST THIS BACKGROUND HOPES THAT WASHINGTON SPOKESMEN CALLED UPON TO COMMENT ON RESULTS OF OUR TRADE TALKS WITH JAPANESE OR OTHERWISE COMMENT ON JAPANESE GROWTH OBJECTIVE WILL AVOID INJECTING THEMSELVES INTO THIS CONTROVERSY.
MANSFIELD

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